

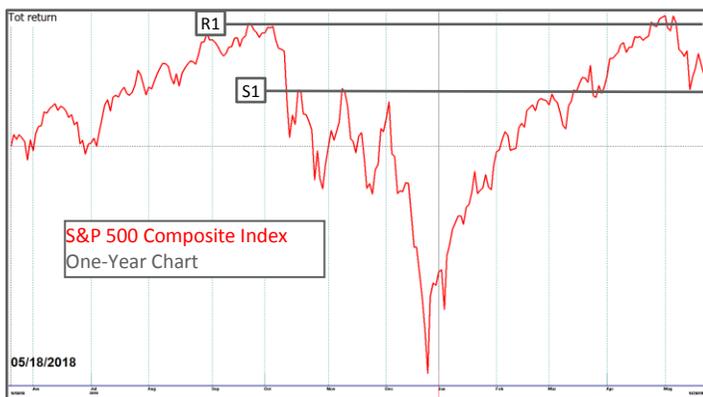


RGB Perspectives

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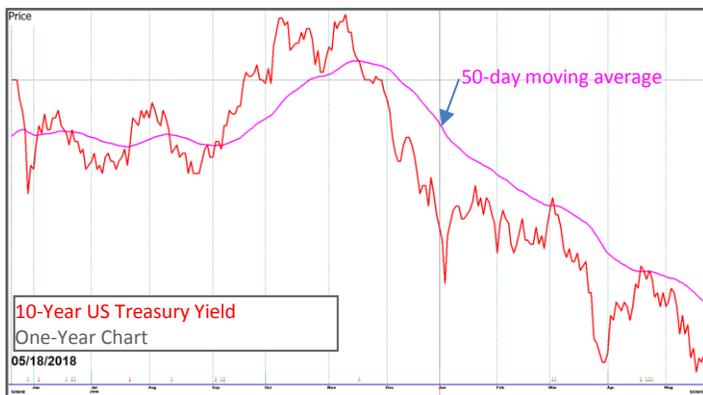
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The **S&P 500 Composite Index** is in a short-term decline. After surging higher off the late December lows, the large-cap stock index reached its 2018 highs in late April before turning back down. While not definitive at this point, it appears that the market may be entering a trading range between the 2018 highs (R1) and the October/November 2018 highs (S1). Note how the decline last week bounced right off this level. I consider price movement between these two points, which is approximately a 4% range, to be noise.



The **BofA Merrill Lynch High-Yield Master II Index** (junk bonds) also pulled back during the month of May but has remained above its 50-day moving average. As long as it remains above this level, it is a good indication for junk bonds and equities.



Yields across the duration spectrum, including the **10-Year US Treasury Yield**, continue to decline as growth expectations continue to drop. Along with an accommodative Federal Reserve, I expect yields to stay low for the near future. Low yields should help support the stock market as long as the economy continues to grow.

The market appears to be at a decisive point in the current uptrend. A break above R1 in the S&P 500, coupled with a continuation of the uptrend in junk bonds, would indicate that the uptrend off the December lows is still intact. However, a break below S1 on the S&P 500, along with junk bonds declining below their 50-day moving average, would indicate that the short-term trend is morphing into something more significant.

The RGB Capital Group strategies remain fully invested. If the market continues to weaken, I will not hesitate to make adjustments to our portfolio holdings as our sell stops are triggered. So far, no changes have been made to the RGB Capital Group investment strategies. The Conservative strategies are flat month-to-date, while the Flexible and Flex+ strategies are down. All strategies remain positive year-to-date.

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